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[REDACTED]
7D18 Hq.

Attached per our telecon is a copy of the briefing package prepared for the Director's use on our proposed retirement bill. We have sent three copies to Mr. Houston. [REDACTED] advised me that the present plan is to try to arrange the McCone/Russell meeting the week of 6 July.

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[REDACTED] 5E56 Hq.

[REDACTED] 6/26/64

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Briefing Material on Proposed CIA Retirement Bill

1. Notes for DCI Discussion of Retirement Bill with
Senator Russell
2. Background Notes
3. Provisions of the Civil Service and Proposed CIA
Retirement Systems
4. Administration of Proposed CIA Retirement and
Disability System
5. H.R. 8427, "Central Intelligence Agency Retirement
Act of 1963 for Certain Employees"

TAB

Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

1

Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

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NOTES FOR DCI DISCUSSION OF RETIREMENT BILL WITH SENATOR RUSSELL

1. Need for improved retirement system for certain employees: CIA needs people with unique qualifications who must be trained and developed through service with the Agency in highly specialized fields of endeavor. They must accept the obligation to serve when and where they are needed on a 24-hour-day basis, as do members of the military services and the Foreign Service. However, the stresses and strains of service in foreign intelligence operations, the health hazards of overseas service, and the limitations imposed by the need to place employees overseas under cover all tend to shorten the career span of these employees.

Careerists in foreign intelligence operations are now covered under the Civil Service retirement system which is applicable to all regular employees of the Agency. However, they require a retirement system which recognizes their shorter career spans and the greater risk of disability.

2. Selection of Foreign Service system as model for proposed CIA system: After considerable study, we have concluded that the Foreign Service system is ideally suited for application to the careerists engaged in foreign intelligence operations. They serve under conditions comparable to those of the Foreign Service and, in many cases, under more stringent conditions. [REDACTED]

3. Urgency: Manpower studies over the past several years show that we are accumulating a disproportionate number of careerists in our foreign intelligence operations who no longer possess the general utility which such service requires. The situation is growing more serious with the passage of time. These people are blocking positions needed to permit the regular intake of younger people and the administration of a manpower control program which will achieve an appropriate balance as to age, qualifications, and assignability within this group of careerists. Also, we are still feeling the morale impact of the separation without appropriate retirement provision of a number of careerists determined to be surplus because they were, through no fault of their own, of diminishing usefulness. The favorable progress of this bill thus far has encouraged careerists in this field to believe that the Agency will solve its manpower problems in a more humane manner in the future; however, failure to obtain final approval of the system at an early date will be an indication that an adequate program cannot be implemented for the indefinite future.

4. Principal questions raised by House Armed Services Committee:

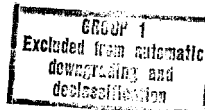
a. Size of group to be covered; emphasize that group is limited to about 1/3 of our total of regular employees.

b. Involuntary retirement of persons in GS-14 and higher grades: The original bill provided for such retirements at any age with only five years of service, however the employee received an annuity based ONLY on his actual years of service. The House Committee revised this to require a total of ten years of Agency service, including five years of "qualifying service."

c. Qualifying Service: The House Rules Committee was concerned about the kind of service which would qualify employees for this system. The following language was incorporated to meet their objections: "in support of Agency activities abroad hazardous to life or health or so specialized because of security requirements as to be clearly distinguishable from normal government employment."

Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

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Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

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Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

Next 2 Page(s) In Document Exempt

Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

3

Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

PROVISIONS OF THE CIVIL SERVICE AND PROPOSED CIA RETIREMENT SYSTEMS

1. Contributions and Computation of Basic Annuities

a. Contributions: Both funds are contributory. The employee and the employing agency pay $6\frac{1}{2}\%$ of the employee's base pay into the retirement fund.

b. Computation of annuities: Under either system, the annuity is based on the employee's average salary for his highest-paid five consecutive years of service and his total years of service.

Under Civil Service retirement, the formula for computing an employee's earned annuity is graduated: $1\frac{1}{2}\%$ of high-5 salary for each of the first five years of service, $1\frac{3}{4}\%$ of high-5 salary for each of the second five years of service, and 2% of high-5 salary for the remaining years of service.

The annuity formula under the proposed CIA retirement system is slightly more generous than the Civil Service formula: 2% of high-5 salary times total years of service. (An annuity computed under this system is 3.75% of the high-5 salary more than an annuity computed under the Civil Service formula.)

2. Types of Retirement and Eligibility Requirements

Under either system, an employee must have a minimum of five years of service to qualify for retirement benefits. (Employees separated with less than five years of service receive a refund of their contributions.) Both systems permit credit for prior civilian service and for most military service.

a. Voluntary or Optional Retirement: Under Civil Service retirement, an employee may retire on his own request at age 60 with 30 years of service or at age 62 with five years of service; he may also retire voluntarily at age 55 with 30 years of service but his annuity is reduced 1% for each year he is under age 60.

Under the proposed CIA retirement system, an employee may voluntarily retire with the consent of the Director at age 50 with 20 years of service and there is no reduction in his annuity for being under age 60.

b. Discontinued Service Retirement: Under Civil Service retirement, an employee who is involuntarily separated (or resigns in lieu thereof) is eligible for an immediate annuity if he is (1) age 50 with 20 years of service or (2) any age with 25 years of service. However, his earned annuity is reduced 1% per year for each year he is under age 60 down to 55 and 2% per year for each year he is under age 55 down to 50.

Under the proposed CIA retirement system, the provisions for discontinued service retirement vary with the grade of the employee:

(1) The Director may involuntarily retire an employee in GS-14 or above if the employee has 10 years of CIA service which includes 5 years of qualifying service under the CIA retirement system. There is no reduction in his earned annuity for being under age 60. If the employee does not meet the service requirements, he may be involuntarily retired by the Director but receives the benefits of a GS-13 as described below.

(2) The Director may involuntarily retire an employee in GS-13 and below and the employee will receive separation compensation computed at the rate of one month's salary for each year of service up to 12 years. In addition, the employee may elect to receive either (a) a refund of his contributions or (b) a deferred annuity at age 60. If an employee who is in GS-12 or GS-13 who has elected to receive a deferred annuity should die before reaching age 60, he is considered to have died in service.

c. Disability Retirement: Under either system, an employee may be retired if he becomes disabled and there is no reduction in his annuity for being under age 60. He is guaranteed a minimum annuity representing the lesser of (1) 40% of his high-5 salary or (2) his annuity computed as if he continued in service to age 60. Both systems require periodic medical examination of disability retirees who have not been found to be permanently disabled and both provide for reemployment of recovered disability annuitants. Disability annuities are included under the Internal Revenue "sick pay exclusion" until the annuitant reaches optional retirement age.

There is a difference in the survivor annuity of a disability retiree. Under Civil Service retirement, the survivor's annuity is 55% of the employee's earned annuity even though he may actually receive a large annuity because of the guaranteed minimum. Under the proposed CIA retirement system, the survivor's annuity is 50% of the employee's annuity whether or not it is the guaranteed minimum or the earned annuity.

d. Mandatory Age Retirement: Under Civil Service retirement, an employee must retire at age 70 unless he has less than 15 years of service, in which case he may continue until he has 15 years. Exceptions require Presidential approval. However, an age retiree may be immediately reemployed on a temporary basis to serve "at the will of the appointing officer."

Under the proposed CIA retirement system, mandatory retirement age for employees in GS-18 or higher grades is age 65; for employees in grades below GS-18, it is 60. The Director may extend the individual's service for a period up to five years if he determines it to be in the public interest. He may also recall an annuitant to active service if he determines it to be in the public interest.

3. Survivor Benefits

a. Benefits to Survivor(s) of Retired Employee: Under either system, a retiring employee may elect to receive a reduced annuity in order to provide a survivor benefit for the widow or widower.

Under Civil Service retirement, the survivor's annuity is 55% of the employee's earned annuity. In order to provide this benefit, the employee's annuity is reduced by 2.5% of the first \$3600 and by 10% of the amount over \$3600. The annuity to the survivor terminates upon death or remarriage.

Under the proposed CIA retirement system, the survivor's annuity is 50% of the employee's earned annuity. In order to provide this benefit, the employee's annuity is reduced by 2.5% of the first \$2400 and by 10% of the amount over \$2400. The annuity of the survivor terminates upon death but does not terminate upon remarriage.

b. Benefit to Person Named by Retiring Employee: Under either system, a retiring employee may name a person having an insurable interest in the life of the retiree to receive a survivor benefit. The amount of the reduction in the employee's basic annuity depends on the difference in the ages of the employee and the named person. If the named person is older than the employee, it is 10%. If he is, for example, 11 years younger than the employee, the reduction is 20%, and if he is 30 years younger, the reduction is 40%. The amount of the annuity to the named person is computed in the same way as the annuity to a surviving widow or widower.

c. Death in Service Benefits: Under either system, the amount of death in service benefits depend on whether the employee is survived (1) by a widow or dependent widower only, (2) by a widow or dependent widower and a child or children, or (3) by a child or children only. The amount of annuity payable to a surviving child is the same under both systems: (a) if there is a surviving widow or dependent widower, each child receives the least of (1) 40% of the employee's high-five salary divided by the number of children; (2) \$600; (3) \$1800 divided by the number of children. If there is no surviving widow or dependent widower, each surviving child receives the least of (1) 50% of the employee's high-five salary divided by the number of children; (2) \$720; (3) \$2160 divided by the number of children.

Under Civil Service, a surviving widow or dependent widower receives an annuity of 55% of the annuity earned by the employee at the time of death but without reduction for being under age 60. This annuity terminates upon re-marriage or upon the dependent widower's becoming capable of self-support. Under the proposed CIA system, a surviving widow or dependent widower receives an annuity of 50% of the larger of (1) the employee's earned annuity at time of death, or (2) if the employee had less than 20 years of service, the annuity that he would have earned if he had remained in service for 20 years or until reaching mandatory retirement age for his grade. This annuity is not terminated by re-marriage; however, it is terminated upon a dependent widower's becoming capable of self-support.

4. Typical annuities are shown in the attachment.

Type of Retirement Age and Years of Service	High-5 ^{1/} Approved For Average Salary		Basic Annuity ^{2/} Civil Service Proposed		Reduced Annuity ^{2/} Civil Service Proposed		Survivor Annuity ^{2/} Civil Service Proposed	
			Service	CIA	Service	CIA	Service	CIA
DISABILITY								
45 - 15	\$ 7500		\$3000	\$3000	\$2951	\$2880	\$1082	\$1500
	12500		5000	5000	4918	4780	1804	2500
	16700		6680	6680	6512	6192	2410	3340
50 - 20	7500		3000	3000	2933	2880	1494	1500
	12500		5000	5000	4817	4780	2492	2500
	16700		6680	6680	6345	6192	3329	3340
55 - 25	7500		3468	3750	3382	3555	1907	1875
	12500		5781	6250	5473	5805	3179	3125
	16700		7723	8350	7221	7695	4247	4175
OPTIONAL								
50 - 20	7500	-- 3/	3000		-- 3/	2880	-- 3/	1500
	12500	-- 3/	5000		-- 3/	4780	-- 3/	2500
	16700	-- 3/	6680		-- 3/	6192	-- 3/	3340
55 - 25	7500	-- 3/	3750		-- 3/	3555	-- 3/	1875
	12500	-- 3/	6250		-- 3/	5805	-- 3/	3125
	16700	-- 3/	8350		-- 3/	7695	-- 3/	4175
55 - 30	7500	4010 4/	4500		3878	4230	2205	2250
	12500	6685 4/	7500		6287	6930	3676	3750
	16700	8931 4/	10020		8308	9198	4912	5010
60 - 30	7500	4218	-- 6/		4067	-- 6/	2319	-- 6/
	12500	7031	-- 6/		6598	-- 6/	3867	-- 6/
	16700	9393	-- 6/		8724	-- 6/	5166	-- 6/
DISCONTINUED SERVICE								
45 - 15	7500	1968 5/	2250 5/		1919 5/	2194 5/	1082	1125
	12500	3281 5/	3750 5/		3199 5/	3555 5/	1804	1875
	16700	4383 5/	5010		4215 5/	4689	2410	2505
50 - 20	7500	2314 4/	3000		2257	2880	1272	1500
	12500	3858 4/	5000		3743	4780	2121	2500
	16700	5155 4/	6680		4910	6192	2835	3340
55 - 25	7500	3297 4/	3750		3215	3555	1813	1875
	12500	5496 4/	6250		5217	5805	3022	3125
	16700	7343 4/	8350		6879	7695	4038	4175
MANDATORY FOR AGE								
60 - 30	7500	-- 6/	4500		-- 6/	4230	-- 6/	2250
	12500	-- 6/	7500		-- 6/	6930	-- 6/	3750
	16700	-- 6/	10020		-- 6/	9198	-- 6/	5010
70 - 35	7500	4968	-- 7/		4742	-- 7/	2732	-- 7/
	12500	8281	-- 7/		7723	-- 7/	4554	-- 7/
	16700	11063	-- 7/		10227	-- 7/	6084	-- 7/

1/ The levels used are about the current rate for the third step of GS-9 (\$7490), GS-13 (\$12495), and GS-15 (\$16695).

2/ Employee's basic annuity reduced to provide survivor annuity.

3/ No provision for optional retirement below age 55 with 30 years of service.

4/ Annuity shown is earned annuity reduced for being under age 60.

5/ Annuity deferred to age 62 under Civil Service. Separation compensation plus annuity deferred to age 60 under proposed Civil Service.

6/ Mandatory retirement age is 70.

7/ Mandatory retirement age is 60.

Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

4

Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

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ADMINISTRATION OF PROPOSED CIA RETIREMENT AND DISABILITY SYSTEM

1. Standards of eligibility.

a. The proposed CIA Retirement and Disability System is designed to provide appropriate retirement, discontinued service, disability and death benefits to employees whose duties are (1) in support of Agency activities abroad hazardous to life or health or (2) so specialized because of security requirements as to be clearly distinguishable from normal government employment.

b. In order to reserve the benefits of participation in the proposed retirement system to those employees for whom it has been designed, an employee's designation as a Participant in the system will be contingent upon an initial determination and periodic reaffirmation that his career with the Agency requires him to perform qualifying service.

2. Selection of participants.

a. Staff personnel will be covered by the Civil Service Retirement Act upon initial appointment to the Agency. In order to permit the participation of an eligible employee in the CIA Retirement and Disability System at the earliest practicable time in his career with the Agency, the initial designation of an employee as a Participant in the system will be based upon his meeting each of the following requirements:

(1) He has been selected for Career Employee status as defined in Agency regulations;

(2) He has formally undertaken an obligation to serve anywhere and at any time according to the needs of the Agency;

(3) His career field of specialization is determined by the Head of his Career Service (a) to be in the conduct or support of intelligence activities in foreign countries or the covert support in the United States of such operations under comparable conditions; or (b) to require the performance of duties which are so specialized or circumscribed by security restrictions that he would be placed at a special disadvantage if required to acquire and utilize major vocational skills which are unique to intelligence work or may perform general duties under conditions of cover and security prohibiting them from informing prospective employers of the nature, scope, and level of their work experience.

(4) He either has performed or is under official orders to perform duties (a) in support of Agency activities abroad hazardous to life or health or (b) so specialized because of security requirements as to be clearly distinguishable from normal government employment.

b. In order to avoid the continued participation in the proposed CIA Retirement and Disability System of an employee whose career subsequent to his initial designation as a Participant does not meet the service conditions described above, there shall be reviews at intervals of not more than 5 years

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of the past and prospective career of each Participant to reaffirm his continued eligibility for participation. Such reviews shall require determination by the Head of his Career Service that his career continues to be primarily oriented to qualifying service. They shall ensure that he is in fact performing reasonable periods of qualifying service so that he will be able to meet the requirements for retirement under this system. If an affirmative finding of continued eligibility as a Participant cannot be made, the employee would be removed from coverage under the proposed CIA Retirement and Disability System and be placed under the civil service retirement system or under social security as appropriate.

3. Delegations of authority.

Principal responsibility for the administration of the proposed CIA Retirement and Disability System will be vested in the Director of Personnel. However, there will be established a Retirement Board, comprised of senior officials representing the major components of the Agency, to assist and advise the Director of Personnel in the development and formulation of policies governing the administration of the System and to review and recommend action on all proposed retirements. It is intended that the Board will consider each application for voluntary retirement or for disability retirement and each recommendation for involuntary retirement. The Board will also have advisors representing the General Counsel, the Director of Security, the Chief, Medical Staff, and the Chief, Central Cover Division to render advice in their respective technical fields as required. The Director of Personnel will serve as the permanent chairman of the Board.

4. Appeals.

Employee appeals may be made through normal administrative procedures.

5. Rules and regulations.

Specific rules and regulations for selection of participants, record-keeping, and adjudication of applications for retirement will be required. The regulations promulgated under the Foreign Service Retirement and Disability System have been carefully examined and it is intended to draw heavily on these in establishing Agency procedures.

Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

Approved For Release 2006/01/10 : CIA-RDP75B00380R000700150017-5

88TH CONGRESS
1ST SESSION

H. R. 8427

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 12, 1963

Mr. RIVERS of South Carolina introduced the following bill; which was referred to the Committee on Armed Services

A BILL

To provide for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—SHORT TITLE AND DEFINITIONS

4 PART A—SHORT TITLE

5 SEC. 101. This Act may be cited as the “Central In-
6 telligence Agency Retirement Act of 1963 for Certain
7 Employees”.

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1 PART B—DEFINITIONS

2 SEC. 111. When used in this Act, the term—

3 (1) “Agency” means the Central Intelligence
4 Agency; and

5 (2) “Director” means the Director of Central
6 Intelligence.

7 TITLE II—THE CENTRAL INTELLIGENCE AGENCY
8 RETIREMENT AND DISABILITY SYSTEM

9 PART A—ESTABLISHMENT OF SYSTEM

10 RULES AND REGULATIONS

11 SEC. 201. (a) The Director may prescribe rules and
12 regulations for the establishment and maintenance of a Cen-
13 tral Intelligence Agency Retirement and Disability System
14 for a limited number of employees, referred to hereafter as
15 the system.

16 (b) The Director shall administer the system in accord-
17 ance with such rules and regulations and with the principles
18 established by this Act.

19 (c) In the interests of the security of the foreign intelli-
20 gence activities of the United States and in order further
21 to implement the proviso of section 102 (d) (3) of the Na-
22 tional Security Act of 1947, as amended (50 U.S.C. 403
23 (d) (3)), that the Director of Central Intelligence shall be
24 responsible for protecting intelligence sources and methods
25 from unauthorized disclosure, and notwithstanding the pro-

1 visions of the Administrative Procedure Act (5 U.S.C. 1001
2 et seq.) or any other provisions of law, any determinations
3 by the Director authorized by the provisions of this Act shall
4 be deemed to be final and conclusive and not subject to
5 review by any court.

6 ESTABLISHMENT AND MAINTENANCE OF FUND

7 SEC. 202. There is hereby created a fund to be known
8 as the Central Intelligence Agency Retirement and Disabil-
9 ity Fund which shall be maintained by the Director. The
10 Central Intelligence Agency Retirement and Disability Fund
11 is referred to hereafter as the fund.

12 PARTICIPANTS

13 SEC. 203. The Director may designate from time to
14 time such Agency officers and employees, hereafter referred
15 to as participants, who shall be entitled to the benefits of the
16 system. Any participant who has completed fifteen years of
17 service with the Agency and whose career at that time is
18 adjudged by the Director to be qualifying for the system
19 may elect to remain a participant of such system for the
20 duration of his employment by the Agency and such election
21 shall not be subject to review or approval by the Director.

22 ANNUITANTS

23 SEC. 204. (a) Annuitants shall be participants who are
24 receiving annuities from the fund and all persons, including
25 surviving wives and husbands, widows, dependent widowers,

1 children, and beneficiaries of participants or annuitants who
2 shall become entitled to receive annuities in accordance with
3 the provisions of this Act.

4 (b) When used in this Act the term—

5 (1) "Widow" means the surviving wife of a par-
6 ticipant who was married to such participant for at
7 least two years immediately preceding his death or is
8 the mother of issue by marriage to the participant.

9 (2) "Dependent widower" means the surviving
10 husband of a participant who was married to such
11 participant for at least two years immediately preceding
12 her death or is the father of issue by marriage to the
13 participant, and who is incapable of self-support by rea-
14 son of mental or physical disability, and who received
15 more than one-half of his support from such participant.

16 (3) "Child" means an unmarried child, under the
17 age of eighteen years, or such unmarried child regard-
18 less of age who, because of physical or mental disability
19 incurred before age eighteen, is incapable of self-support.
20 In addition to the offspring of the participant and his
21 or her spouse, the term includes (i) an adopted child,
22 and (ii) a stepchild or recognized natural child who
23 received more than one-half of his support from the
24 participant.

1 PART B—COMPULSORY CONTRIBUTIONS

2 SEC. 211. (a) Six and one-half per centum of the basic
3 salary received by each participant shall be contributed to
4 the fund for the payment of annuities, cash benefits, refunds
5 and allowances. An equal sum shall also be contributed
6 from the respective appropriation or fund which is used
7 for payment of his salary. The amounts deducted and with-
8 held from basic salary together with the amounts so contrib-
9 uted from the appropriation or fund shall be deposited by
10 the Agency to the credit of the fund.

11 (b) Each participant shall be deemed to consent and
12 agree to such deductions from basic salary, and payment less
13 such deductions shall be a full and complete discharge and
14 acquittance of all claims and demands whatsoever for all
15 regular services during the period covered by such payment,
16 except the right to the benefits to which he shall be entitled
17 under this Act, notwithstanding any law, rule, or regulation
18 affecting the individual's salary.

19 PART C—COMPUTATION OF ANNUITIES

20 SEC. 221. (a) The annuity of a participant shall be equal
21 to 2 per centum of his average basic salary for the highest
22 five consecutive years of service, for which full contributions
23 have been made to the fund, multiplied by the number of
24 years, not exceeding thirty-five, of service credit obtained in

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1 accordance with the provisions of sections 251 and 252. In
2 determining the aggregate period of service upon which the
3 annuity is to be based, the fractional part of a month, if any,
4 shall not be counted.

5 (b) At the time of retirement, any married participant
6 may elect to receive a reduced annuity and to provide for
7 an annuity payable to his wife or her husband, commencing
8 on the date following such participant's death and terminat-
9 ing upon the death of such surviving wife or husband. The
10 annuity payable to the surviving wife or husband after such
11 participant's death shall be 50 per centum of the amount
12 of the participant's annuity computed as prescribed in para-
13 graph (a) of this section, up to the full amount of such an-
14 nuity specified by him as the base for the survivor benefits.
15 The annuity of the participant making such election shall be
16 reduced by $2\frac{1}{2}$ per centum of any amount up to \$2,400 he
17 specified as the base for the survivor benefit plus 10 per
18 centum of any amount over \$2,400 so specified.

19 (c) (1) If an annuitant dies and is survived by a wife
20 or husband and by a child or children, in addition to the
21 annuity payable to the surviving wife or husband, there shall
22 be paid to or on behalf of each child an annuity equal to the
23 smallest of: (i) 40 per centum of the annuitant's average
24 basic salary, as determined under paragraph (a) of this sec-

tion, divided by the number of children; (ii) \$600; or (iii) \$1,800 divided by the number of children.

(2) If an annuitant dies and is not survived by a wife or husband but by a child or children, each surviving child shall be paid an annuity equal to the smallest of: (i) 50 per centum of the annuitant's average basic salary, as determined under paragraph (a) of this section, divided by the number of children; (ii) \$720; or (iii) \$2,160 divided by the number of children.

(d) If a surviving wife or husband dies or the annuity of a child is terminated, the annuities of any remaining children shall be recomputed and paid as though such wife, husband, or child had not survived the participant.

(e) The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the first day of the next month after the participant dies and such annuity or any right thereto shall be terminated upon death, marriage, or attainment of the age of eighteen years, except that, if a child is incapable of self-support by reasons of mental or physical disability, the annuity shall be terminated only when such child dies, marries, or recovers from such disability.

(f) Any unmarried participant retiring under the provisions of this Act and found by the Director to be in good health may at the time of retirement elect a reduced annuity,

1 in lieu of the annuity as hereinbefore provided, and designate
2 in writing a person having an insurable interest (as that term
3 is used in 5 U.S.C. 2259 (b)) in the participant to receive
4 an annuity after the participant's death. The annuity pay-
5 able to the participant making such election shall be reduced
6 by 10 per centum of an annuity computed as provided in
7 paragraph (a) of this section, and by 5 per centum of an
8 annuity so computed for each full five years the person
9 designated is younger than the participant, but such total
10 reduction shall not exceed 40 per centum. The annuity of a
11 survivor designated under this paragraph shall be 50 per
12 centum of the reduced annuity computed as prescribed above.
13 The annuity payable to a beneficiary under the provisions
14 of this paragraph shall begin on the first day of the next
15 month after the participant dies. Upon the death of the
16 surviving beneficiary all payments shall cease and no further
17 annuity payments authorized under this paragraph shall
18 be due or payable.

19 PART D—BENEFITS ACCRUING TO CERTAIN PARTICIPANTS
20 RETIREMENT FOR DISABILITY OR INCAPACITY—MEDICAL
21 EXAMINATION—RECOVERY

22 SEC. 231. (a) Any participant who has five years of
23 service credit toward retirement under the system, excluding
24 military or naval service that is credited in accordance with
25 provisions of section 251 or 252 (a) (2), and who becomes

1 totally disabled or incapacitated for useful and efficient serv-
2 ice by reason of disease, illness, or injury not due to vicious
3 habits, intemperance, or willful misconduct on his part,
4 shall, upon his own application or upon order of the Direc-
5 tor, be retired on an annuity computed as prescribed in
6 section 221. If the disabled or incapacitated participant has
7 less than twenty years of service credit toward his retire-
8 ment under the system at the time he is retired, his annuity
9 shall be computed on the assumption that he has had twenty
10 years of service, but the additional service credit that may
11 accrue to a participant under this provision shall in no case
12 exceed the difference between his age at the time of retire-
13 ment and the mandatory retirement age applicable to his
14 grade in the Agency.

15 (b) In each case, the participant shall be given a
16 medical examination by one or more duly qualified physi-
17 cians or surgeons designated by the Director to conduct
18 examinations, and disability shall be determined by the
19 Director on the basis of the advice of such physicians or
20 surgeons. Unless the disability is permanent, like examina-
21 tions shall be made annually until the annuitant has reached
22 the statutory mandatory retirement age for his grade in
23 the Agency. If the Director determines on the basis of
24 the advice of one or more duly qualified physicians or sur-

1 geons conducting such examinations that an annuitant has
2 recovered to the extent that he can return to duty, the
3 annuitant may apply for reinstatement or reappointment in
4 the Agency within one year from the date his recovery is
5 determined. Upon application the Director may reinstate
6 any such recovered disability annuitant in the grade in which
7 he was serving at time of retirement, or the Director may,
8 taking into consideration the age, qualifications, and experi-
9 ence of such annuitant, and the present grade of his con-
10 temporaries in the Agency, appoint him to a grade higher
11 than the one in which he was serving prior to retirement.
12 Payment of the annuity shall continue until a date six months
13 after the date of the examination showing recovery or until
14 the date of reinstatement or reappointment in the Agency,
15 whichever is earlier. Fees for examinations under this pro-
16 vision, together with reasonable traveling and other expenses
17 incurred in order to submit to examination, shall be paid out
18 of the fund. If the annuitant fails to submit to examination
19 as required under this section, payment of the annuity shall
20 be suspended until continuance of the disability is satisfac-
21 torily established.

22 (c) If a recovered disability annuitant whose annuity
23 is discontinued is for any reason not reinstated or re-
24 appointed in the Agency, he shall be considered to have been
25 separated within the meaning of paragraphs (a) and (b) of

1 section 234 as of the date he was retired for disability and he
2 shall, after the discontinuance of the disability annuity, be
3 entitled to the benefits of that section or of section 241 (a)
4 except that he may elect voluntary retirement in accordance
5 with the provisions of section 233 if he can qualify under its
6 provisions.

7 (d) No participant shall be entitled to receive an an-
8 nuity under this Act and compensation for injury or dis-
9 ability to himself under the Federal Employees' Compensa-
10 tion Act of September 7, 1916, as amended (5 U.S.C. 751
11 et seq.), covering the same period of time. This provision
12 shall not bar the right of any claimant to the greater benefit
13 conferred by either Act for any part of the same period of
14 time. Neither this provision nor any provision of the said
15 Act of September 7, 1916, as amended, shall be so construed
16 as to deny the right of any participant to receive an annuity
17 under this Act by reason of his own services and to receive
18 concurrently any payment under such Act of September 7,
19 1916, as amended, by reason of the death of any other
20 person.

21 (e) Notwithstanding any provision of law to the con-
22 trary, the right of any person entitled to an annuity under
23 this Act shall not be affected because such person has re-
24 ceived an award of compensation in a lump sum under sec-
25 tion 14 of the Federal Employees' Compensation Act of

1 September 7, 1916, as amended (5 U.S.C. 764), except
2 that where such annuity is payable on account of the same
3 disability for which compensation under such section has
4 been paid, so much of such compensation as has been paid
5 for any period extended beyond the date such annuity be-
6 comes effective, as determined by the Secretary of Labor,
7 shall be refunded to the Department of Labor, to be paid
8 into the Federal employees' compensation fund. Before
9 such person shall receive such annuity he shall (1) refund
10 to the Department of Labor the amount representing such
11 commuted payments for such extended period, or (2) au-
12 thorize the deduction of such amount from the annuity pay-
13 able to him under this Act, which amount shall be trans-
14 mitted to such Department for reimbursement to such fund.
15 Deductions from such annuity may be made from accrued
16 and accruing payments, or may be prorated against and paid
17 from accruing payments in such manner as the Secretary of
18 Labor shall determine, whenever he finds that the financial
19 circumstances of the annuitant are such as to warrant such
20 deferred refunding.

21

DEATH IN SERVICE

22

23 SEC. 232. (a) In case a participant dies and no claim
24 for annuity is payable under the provisions of this Act, his
contributions to the fund, with interest at the rates prescribed

1 in sections 241 (a) and 281 (a), shall be paid in the order
2 of precedence shown in section 241 (b).

3 (b) If a participant, who has at least five years of serv-
4 ice credit toward retirement under the system, excluding
5 military or naval service that is credited in accordance with
6 the provisions of section 251 or 252 (a) (2), dies before
7 separation or retirement from the Agency and is survived by
8 a widow or a dependent widower, as defined in section 204,
9 such widow or dependent widower shall be entitled to an an-
10 nuity equal to 50 per centum of the annuity computed in
11 accordance with the provisions of paragraph (c) of this
12 section and of section 221 (a). The annuity of such widow
13 or dependent widower shall commence on the date following
14 death of the participant and shall terminate upon death of
15 the widow or dependent widower, or upon the dependent
16 widower's becoming capable of self-support.

17 (c) If a participant who has at least five years of service
18 credit toward retirement under the system, excluding mili-
19 tary or naval service that is credited in accordance with the
20 provisions of section 251 or 252 (a) (2), dies before sepa-
21 ration or retirement from the Agency and is survived by a
22 wife or a husband and a child or children, each surviving
23 child shall be entitled to an annuity computed in accordance

1 with the provisions of section 221 (c) (1). The child's an-
2 nuity shall begin and be terminated in accordance with the
3 provisions of section 221 (e). Upon the death of the surviv-
4 ing wife or husband or termination of the annuity of a child,
5 the annuities of any remaining children shall be recomputed
6 and paid as though such wife or husband or child had not
7 survived the participant.

8 (d) If a participant who has at least five years of
9 service credit toward retirement under the system, exclud-
10 ing military or naval service that is credited in accordance
11 with the provisions of section 251 or 252 (a) (2), dies be-
12 fore separation or retirement from the Agency and is not
13 survived by a wife or husband, but by a child or children,
14 each surviving child shall be entitled to an annuity computed
15 in accordance with the provisions of section 221 (c) (2).
16 The child's annuity shall begin and terminate in accordance
17 with the provisions of section 221 (e). Upon termination
18 of the annuity of a child, the annuities of any remaining
19 children shall be recomputed and paid as though that child
20 had never been entitled to the benefit.

21 (e) If, at the time of his or her death, the participant
22 had less than twenty years of service credit toward retire-
23 ment under the system, the annuities payable in accordance
24 with paragraph (b) of this section shall be computed in
25 accordance with the provisions of section 221 on the assump-

1 tion he or she has had twenty years of service, but the ad-
2 ditional service credit that may accrue to a deceased partici-
3 pant under this provision shall in no case exceed the differ-
4 ence between his or her age on the date of death and the
5 mandatory retirement age applicable to his or her grade in
6 the Agency. In all cases arising under paragraphs (b),
7 (c), (d), or (e) of this section, it shall be assumed that the
8 deceased participant was qualified for retirement on the date
9 of his death.

10 VOLUNTARY RETIREMENT

11 SEC. 233. Any participant in the system who is at least
12 fifty years of age and has rendered twenty years of service
13 may on his own application and with the consent of the
14 Director be retired from the Agency and receive benefits in
15 accordance with the provisions of section 221 provided he
16 has not less than five years of service with the Agency.

17 DISCONTINUED SERVICE RETIREMENT

18 SEC. 234. (a) Any participant who separates from the
19 Agency after obtaining at least five years of service credit
20 toward retirement under the system, excluding military or
21 naval service that is credited in accordance with the pro-
22 visions of section 251 or 252 (a) (2), may, upon separation
23 from the Agency or at any time prior to becoming eligible
24 for an annuity, elect to have his contributions to the fund
25 returned to him in accordance with the provisions of section

1 241, or (except in cases where the Director determines that
2 separation was based in whole or in part on the ground of
3 disloyalty to the United States) to leave his contributions in
4 the fund and receive an annuity, computed as prescribed in
5 section 221, commencing at the age of sixty years.

6 (b) If a participant who has qualified in accordance
7 with the provisions of paragraph (a) of this section to re-
8 ceive a deferred annuity commencing at the age of sixty dies
9 before reaching the age of sixty his contributions to the fund,
10 with interest, shall be paid in accordance with the provisions
11 of sections 241 and 281.

12 (c) The Director may in his discretion retire participants
13 in grade GS-14 and above. If so retired they shall receive
14 retirement benefits in accordance with the provisions of sec-
15 tion 221, provided they have in each case not less than five
16 years of qualifying and a total of ten years of service with
17 the Agency. Any individual so retired who does not meet
18 these service requirements shall receive the benefits pro-
19 vided for individuals in grade GS-13 as set out in paragraph
20 (d) of this section.

21 (d) The Director may in his discretion retire partici-
22 pants in grade GS-13 and below, and each such participant
23 shall receive--

24 (1) one-twelfth of a year's salary at his then cur-
25 rent salary rate for each year of service and proportion-

1 ately for a fraction of a year, but not exceeding a total
2 of one year's salary at his then current salary rate, pay-
3 able without interest, from the fund, in three equal in-
4 stallments on the 1st day of January following the par-
5 ticipant's retirement and on the two anniversaries of this
6 date immediately following: *Provided*, That in special
7 cases, the Director may in his discretion accelerate or
8 combine the installments; and

9 (2) a refund of the contributions made to the fund,
10 with interest as provided in section 241 (a) , except that
11 in lieu of such refund such participant, if he has at least
12 five years of service credit toward retirement under the
13 system, excluding military or naval service that is
14 credited in accordance with the provisions of section 251
15 or 252 (a) (2) , may elect to receive retirement benefits
16 on reaching the age of sixty in accordance with the pro-
17 visions of section 221. In the event that a participant
18 who was separated from grade GS-13 or GS-12 and who
19 has elected to receive retirement benefits dies before
20 reaching the age of sixty, his death shall be considered a
21 death in service within the meaning of section 232. In
22 the event that a participant who was separated from
23 grade GS-11 or below and who has elected to receive
24 retirement benefits dies before reaching the age of sixty,

1 the total amount of his contributions made to the fund,
2 with interest as provided in section 241 (a), shall be
3 paid in accordance with the provisions of section
4 241 (b).

5 (e) Notwithstanding the provisions of section 3477 of
6 the Revised Statutes, as amended (31 U.S.C. 203), or the
7 provisions of any other law, a participant who is retired in
8 accordance with the provisions of paragraph (d) of this sec-
9 tion shall have the right to assign to any person or corpora-
10 tion the whole or any part of the benefits receivable by him
11 pursuant to paragraph (d) (1) of this section.

12 MANDATORY RETIREMENT FOR AGE

13 SEC. 235. (a) Any participant in the system in grade
14 GS-18 or above shall upon reaching the age of sixty-five be
15 retired from the Agency and receive retirement benefits in
16 accordance with the provisions of section 221, but whenever
17 the Director shall determine it to be in the public interest,
18 he may extend such a participant's service for a period not to
19 exceed five years.

20 (b) Any participant in the system, other than in grade
21 GS-18 or above, shall upon reaching the age of sixty be re-
22 tired from the Agency and receive retirement benefits in ac-
23 cordance with the provisions of section 221, but whenever the
24 Director shall determine it to be in the public interest, he

1 may extend such a participant's service for a period not to
2 exceed five years.

3 PART E—DISPOSITION OF CONTRIBUTIONS AND INTEREST
4 IN EXCESS OF BENEFITS RECEIVED

5 SEC. 241. (a) Whenever a participant becomes sepa-
6 rated from the Agency without becoming eligible for an
7 annuity or a deferred annuity in accordance with the pro-
8 visions of this Act, the total amount of contributions from his
9 salary with interest thereon at 4 per centum per annum,
10 compounded annually as of December 31, and propor-
11 tionately for the period served during the year of separation
12 including all contributions made during or for such period,
13 except as provided in section 281, shall be returned to him.

14 (b) In the event that the total contributions of a retired
15 participant, other than voluntary contributions made in
16 accordance with the provisions of section 281, with interest
17 at 4 per centum per annum compounded annually as is pro-
18 vided in paragraph (a) of this section added thereto, exceed
19 the total amount returned to such participant or to an annui-
20 tant claiming through him, in the form of annuities, accumu-
21 lated at the same rate of interest up to the date the annuity
22 payments cease under the terms of the annuity, the excess
23 of the accumulated contributions over the accumulated an-
24 nuity payments shall be paid in the following order of

1 precedence, upon the establishment of a valid claim therefor,
2 and such payment shall be a bar to recovery by any other
3 person:

4 (1) To the beneficiary or beneficiaries designated
5 by such participant in writing to the Director;

6 (2) If there be no such beneficiary to the surviving
7 wife or husband of such participant;

8 (3) If none of the above, to the child or children
9 of such participant and descendants of deceased children
10 by representation;

11 (4) If none of the above, to the parents of such
12 participant or the survivor of them;

13 (5) If none of the above, to the duly appointed
14 executor or administrator of the estate of such
15 participant;

16 (6) If none of the above, to other next of kin
17 of such participant as may be determined by the Director
18 in his judgment to be legally entitled thereto.

19 (c) No payment shall be made pursuant to paragraph
20 (b) (6) of this section until after the expiration of thirty
21 days from the death of the retired participant or his sur-
22 viving annuitant.

21

1 PART F—PERIOD OF SERVICE FOR ANNUITIES

2 COMPUTATION OF LENGTH OF SERVICE

3 SEC. 251. For the purposes of this Act, the period of
4 service of a participant shall be computed from the date he
5 becomes a participant under the provisions of this Act, but
6 all periods of separation from the Agency and so much of
7 any leaves of absence without pay as may exceed six months
8 in the aggregate in any calendar year shall be excluded,
9 except leaves of absence while receiving benefits under the
10 Federal Employees' Compensation Act of September 7,
11 1916, as amended (5 U.S.C. 751 et seq.), and leaves of
12 absence granted participants while performing active and
13 honorable military or naval service in the Army, Navy,
14 Air Force, Marine Corps, or Coast Guard of the United
15 States.

16 PRIOR SERVICE CREDIT

17 SEC. 252. (a) A participant may, subject to the pro-
18 visions of this section, include in his period of service—

19 (1) civilian service in the executive, judicial, and
20 legislative branches of the Federal Government and in
21 the District of Columbia government, prior to becoming
22 a participant; and

1 (2) active and honorable military or naval service
2 in the Army, Navy, Air Force, Marine Corps, or Coast
3 Guard of the United States.

4 (b) A participant may obtain prior civilian service
5 credit in accordance with the provisions of paragraph (a)
6 (1) of this section by making a special contribution to the
7 fund equal to 5 per centum of his basic annual salary for
8 each year of service for which credit is sought prior to
9 November 8, 1960, and at $6\frac{1}{2}$ per centum thereafter with
10 interest compounded annually at 4 per centum per annum to
11 the date of payment. Any such participant may, under such
12 conditions as may be determined in each instance by the
13 Director, pay such special contributions in installments.

14 (c) (1) If an officer or employee under some other Gov-
15 ernment retirement system becomes a participant in the sys-
16 tem by direct transfer, such officer or employee's total con-
17 tributions and deposits, including interest accrued thereon,
18 except voluntary contributions, shall be transferred to the
19 fund effective as of the date such officer or employee becomes
20 a participant in the system. Each such officer or employee
21 shall be deemed to consent to the transfer of such funds and
22 such transfer shall be a complete discharge and acquittance
23 of all claims and demands against the other Government
24 retirement fund on account of service rendered prior to
25 becoming a participant in the system.

1 (2) No participant, whose contributions are transferred
2 to the fund in accordance with the provisions of paragraph
3 (c) (1) of this section, shall be required to make contribu-
4 tions in addition to those transferred for periods of service
5 for which full contributions were made to the other Govern-
6 ment retirement fund, nor shall any refund be made to any
7 such participant on account of contributions made during any
8 period to the other Government retirement fund at a higher
9 rate than that fixed by section 211 of this Act for contribu-
10 tions to the fund.

11 (3) No participant, whose contributions are transferred
12 to the fund in accordance with the provisions of paragraph
13 (c) (1) of this section, shall receive credit for periods of
14 service for which a refund of contributions has been made,
15 or for which no contributions were made to the other Gov-
16 ernment retirement fund. A participant may, however,
17 obtain credit for such prior service by making a special
18 contribution to the fund in accordance with the provisions
19 of paragraph (b) of this section.

20 (d) No participant may obtain prior civilian service
21 credit toward retirement under the system for any period
22 of civilian service on the basis of which he is receiving or
23 will in the future be entitled to receive any annuity under
24 another retirement system covering civilian personnel of the
25 Government.

24

1 (e) A participant may obtain prior military or naval
2 service credit in accordance with the provisions of para-
3 graph (a) (2) of this section by applying for it to the
4 Director prior to retirement or separation from the Agency.
5 However, in the case of a participant who is eligible for and
6 receives retired pay on account of military or naval service,
7 the period of service upon which such retired pay is based
8 shall not be included, except that in the case of a participant
9 who is eligible for and receives retired pay on account of a
10 service-connected disability incurred in combat with an
11 enemy of the United States or caused by an instrumentality
12 of war and incurred in line of duty during a period of war
13 (as that term is used in chapter 11 of title 38, United States
14 Code), or is awarded under chapter 67 of title 10 of the
15 United States Code, the period of such military or naval
16 service shall be included. No contributions to the fund shall
17 be required in connection with military or naval service
18 credited to a participant in accordance with the provisions
19 of paragraph (a) (2) of this section.

20 CREDIT FOR SERVICE WHILE ON MILITARY LEAVE

21 SEC. 253. Contributions shall not be required covering
22 periods of leave of absence from the Agency granted a par-
23 ticipant while performing active military or naval service in

25

1 the Army, Navy, Air Force, Marine Corps, or Coast Guard
2 of the United States.

3 PART G—MONEYS

4 ESTIMATE OF APPROPRIATIONS NEEDED

5 SEC. 261. The Director shall prepare the estimates of
6 the annual appropriations required to be made to the fund,
7 and shall cause to be made actuarial valuations of the fund at
8 intervals of five years, or oftener if deemed necessary by
9 him.

10 INVESTMENT OF MONEYS IN THE FUND

11 SEC. 262. The Director may, with the approval of the
12 Secretary of the Treasury, invest from time to time in
13 interest-bearing securities of the United States such portions
14 of the fund as in his judgment may not be immediately re-
15 quired for the payment of annuities, cash benefits, refunds,
16 and allowances, and the income derived from such invest-
17 ments shall constitute a part of such fund.

18 ATTACHMENT OF MONEYS

19 SEC. 263. None of the moneys mentioned in this Act
20 shall be assignable either in law or equity, or be subject to
21 execution, levy, attachment, garnishment, or other legal
22 process, except as provided in section 234 (e).

26

1 PART H—RETIRED PARTICIPANTS RECALLED, REIN-
2 STATED, OR REAPPOINTED IN THE AGENCY, OR
3 REEMPLOYED IN THE GOVERNMENT RECALL

4 SEC. 271. (a) The Director may recall any retired par-
5 ticipant to duty in the Agency whenever he shall determine
6 such recall is in the public interest.

7 (b) Any such participant recalled to duty in the
8 Agency in accordance with the provisions of paragraph (a)
9 of this section or reinstated or reappointed in accordance
10 with the provisions of section 231 (b) shall, while so serv-
11 ing, be entitled in lieu of his annuity to the full salary of the
12 grade in which he is serving. During such service, he shall
13 make contributions to the fund in accordance with the pro-
14 visions of section 211. When he reverts to his retired sta-
15 tus, his annuity shall be determined anew in accordance with
16 the provisions of section 221.

17 REEMPLOYMENT

18 SEC. 272. Notwithstanding any other provision of law,
19 a participant retired under the provisions of this Act shall
20 not, by reason of his retired status, be barred from employ-
21 ment in Federal Government service in any appointive
22 position for which he is qualified. An annuitant so re-
23 employed shall serve at the will of the appointing officer.

27

1 REEMPLOYMENT COMPENSATION

2 SEC. 273. (a) Notwithstanding any other provision of
3 law, any annuitant who has retired under this Act and who
4 is reemployed in the Federal Government service in any
5 appointive position either on a part-time or full-time basis
6 shall be entitled to receive the salary of the position in which
7 he is serving plus so much of his annuity payable under this
8 Act which when combined with such salary does not exceed
9 during any calendar year the basic salary such annuitant
10 was entitled to receive on the date of his retirement from the
11 Agency. Any such reemployed annuitant who receives
12 salary during any calendar year in excess of the maximum
13 amount which he may be entitled to receive under this
14 paragraph shall be entitled to such salary in lieu of benefits
15 hereunder.

16 (b) When any such retired annuitant is reemployed,
17 the employer shall send a notice to the Agency of such re-
18 employment together with all pertinent information relating
19 thereto, and shall pay directly to such annuitant the salary
20 of the position in which he is serving.

21 (c) In the event of any overpayment under this section,
22 such overpayment shall be recovered by withholding the
23 amount involved from the salary payable to such reemployed

1 annuitant, or from any other moneys, including his annuity,
2 payable in accordance with the provisions of this Act.

3 PART I—VOLUNTARY CONTRIBUTIONS

4 SEC. 281. (a) Any participant may, at his option and
5 under such regulations as may be prescribed by the Director,
6 deposit additional sums in multiples of 1 per centum of his
7 basic salary, but not in excess of 10 per centum of such
8 salary, which amounts together with interest at 3 per centum
9 per annum, compounded annually as of December 31, and
10 proportionately for the period served during the year of his
11 retirement, including all contributions made during or for
12 such period, shall, at the date of his retirement and at his
13 election, be—

- 14 (1) returned to him in lump sum; or
15 (2) used to purchase an additional life annuity; or
16 (3) used to purchase an additional life annuity for
17 himself and to provide for a cash payment on his death
18 to a beneficiary whose name shall be notified in writing
19 to the Director by the participant; or
20 (4) used to purchase an additional life annuity for
21 himself and a life annuity commencing on his death
22 payable to a beneficiary whose name shall be notified in
23 writing to the Director by the participant with a guar-
24 anteed return to the beneficiary or his legal repre-

1 tentative of an amount equal to the cash payment re-
2 ferred to in subparagraph (3) above.

3 (b) The benefits provided by subparagraphs (2), (3),
4 or (4) of paragraph (a) of this section shall be actuarially
5 equivalent in value to the payment provided for by sub-
6 paragraph (a) (1) of this section and shall be calculated
7 upon such tables of mortality as may be from time to time
8 prescribed for this purpose by the Director.

9 (c) In case a participant shall become separated from
10 the Agency for any reason except retirement on an annuity,
11 the amount of any additional deposits with interest at 3
12 per centum per annum, compounded as is provided in
13 paragraph (a) of this section, made by him under the provi-
14 sions of said paragraph (a) shall be refunded in the manner
15 provided in section 241 for the return of contributions and
16 interest in the case of death or separation from the Agency.

17 (d) Any benefits payable to a participant or to his
18 beneficiary in respect to the additional deposits provided
19 under this section shall be in addition to the benefits other-
20 wise provided under this Act.

88TH CONGRESS
1ST SESSION

H. R. 8427

A BILL

To provide for the establishment and maintenance of a Central Intelligence Agency Retirement and Disability System for a limited number of employees, and for other purposes.

By Mr. RIVERS of South Carolina

SEPTEMBER 12, 1963

Referred to the Committee on Armed Services